Draft Economic Development Recommendations
Hunter Mill Budget Committee 2018

	FY 2017	FY 2018	Advertised
Economic Development Authority (GF-36 FTE)	$7,570,637	$7,638,060	$7,840,615

Current Mission: Works to fill office space, thereby creating demand for new construction. Primarily focused on attracting large businesses to the county.

- Metrics: In 2017, this translated to 8,200 jobs, although mid-year 2016 direct office vacancy rate rose to 16.5 percent (up from 16.2% in 2015). It was the highest since 1991 when the rate was 16.8%. The overall office vacancy rate, including sublet space vacancies, was 17.4% (up from 17.2% the prior year): http://www.insidenova.com/news/business/economic-development-authority-details-successes-of/article_c7239bce-1e16-11e8-b109-e3ed824c1d16.html

Going forward, look beyond the future of filling office space requirements. The traditional corporate-led "revitalization" model, could be shifted to a more a socioeconomic model. Many corporate employers are looking for place first, or the ability of integrating adaptable placemaking to attract their workforce, with a pool of educated potential employees. How does the County know which incentives were offered to corporations which were intending to locate here anyway? We are already well positioned (close to the Capital, low unemployment, have a high level of education and health). With the world outreach increasing through electronic information, coupled with the ability of corporations to research their individual needs, perhaps a shift to incorporating public information with smart cities planning strategies to attract businesses, thus making communities more attractive for potential occupants, which could perhaps outweigh benefits of the monies spent for recruiting incentives spent for blue-chip or global corporations.

Planning constructions should consider future-proofing how office space is implemented should be a high priority, with greater flexibility to accommodate head-count shifts and evolving work styles cost-effectively within the same footprint to avoid obsolesce. Coworking space is becoming a reality, decreasing the square footage, with a greater emphasis on creative sector clients and a millennial workforce with flexible needs. Densifying around transit and encouraging people to leave their cars and walk or bike for wellness and resilience figure in this shift, but the bigger issue is the need to mix uses to attract the best tenants and enhance their performance. Corporate Campuses are evolving by pairing work with other activities adds urbanity and amenity, even makes development easier to finance.
https://www.gensler.com/design-forecast-2015-the-future-of-workplace

Consider Areas of Collaboration and Common Interest among agencies:
With changes on how office space is utilized, perhaps a focus could be placed on Countywide initiatives will attract and meet the needs of businesses of all sizes. Economic Development could provide a shared centralized vision to the County's future, with more collaboration and oversight especially to the various Contributory, Special Revenue, Custodial and Trust Autonomous Funds.
They however are not as equally represented. Some of these funds have County employees, some are governed by a non-profit or partnership and others are independent. More independent and citizen driven governing structure of each of these emerging centers will better inform the County how the area is progressing and give a greater satisfaction to residents (Look locally to Reston Association as a model). Realizing there is an Economic Advisory Commission which looks at the County as a whole, consider the opportunities of merging economic development with other individual redevelopment centers and interests under one organization[i]. Discussion how that shared arrangement could be beneficial to both

the County, interests and centers. Augmenting the required Special Revenue, Custodial and Trust Funds authority structures in place with newer Planning, Zoning, Land Development strategies and a centralized Economic Development Authority. Acting together could be preferred to acting independently (and perhaps competitively) with each other.
https://www.citylab.com/equity/2018/02/hq2-cities-theres-a-better-way-to-do-economic-development/554510/

Consider Age Drivers:

Demographic Data indicates that over 55 age population will be increasing from 8.1% in 1970 to 22% in 2010 (with an estimate 21.8 in 2017-18)…see chart 11-4 in Demographic Report: https://www.fairfaxcounty.gov/demographics/sites/demographics/files/assets/demographicreports/fullrpt.pdf

This could be an impact of significance to the community: https://www.brookings.edu/blog/up-front/2016/05/02/two-solutions-to-the-challenges-of-population-aging/

However, Fairfax County is taking immediate steps in the right direction with 50+ and Volunteer Fairfax Programs: https://www.fairfaxcounty.gov/familyservices/older-adults/fairfax-50-plus-community-action-plan

Still, attraction of the next wave of businesses goes to the area that can attract educated millennials. This will be crucial to the long-term viability of the County: https://www.brookings.edu/blog/the-avenue/2018/02/06/where-do-the-most-educated-millennials-live/. Looking to what inspires their thinking http://www.goldmansachs.com/our-thinking/pages/millennials/ is vital to attracting them to our area.

Programs such as these could pool resources to bring together millennial attracting and senior engagement initiatives which would be revenue generators for other necessary areas of the County, such as:

- Entrepreneurial opportunities: “Millennipreneurs,” just 20 to 35 years old, they’re starting more companies, managing bigger staffs, and targeting higher profits than their baby boomer predecessors. Looking at attracting small business starts, especially in technology, will be beneficial to attracting businesses that will take us into future decades. The number of 2016 new business starts declined by 4.9% from 2015, and only a 2% increase from 2012. Current investment in colleges, innovation districts and incubators to identify future growth sectors is a great step in the right direction.
- Sports Tourism - Sports tourism refers to travel which involves either observing or participating in a sporting event staying apart from their usual environment. Sport tourism is a fast-growing sector of the global travel industry. For example, local teams and leagues from our area spend large sums of money to travel to nearby areas in VA, such as Chesterfield County: http://www.chesterfield.gov/smartdata.aspx?id=8590142219. Fairfax County is uniquely poised within the region to be able to re-capture some of that economy, if it collaboratively thinks of county wide attraction for venues, retail, lodging and dining. The Sports Tourism Task Force is a step toward identifying this untapped potential.

Draft Economic Development Recommendations
Hunter Mill Budget Committee 2018

- In general, it would be useful to step back to analyze what works, with an eye to enhancement, value or savings in longevity (10+ years). Incorporating information from the Economic Success Strategic Plan, Indicators and Measures is a great step towards achieving data/metrics as infrastructure to identify areas of success and improvement. There is always opportunity for efficiency in how to do business. Each department/agency could look to what can be achieved easily, then plan for those that can need more investigation/investment (time, talent, or resources).
    - Financial: Good governance by maintaining fiscal (i.e. Budget and AAA Bond rating) and infrastructure (CIP) strength.
    - Secure: Maintain the high level for communication, safety and security between County government, residents, businesses and visitors.
    - Inclusive: Provide more opportunities for multiple generations to enjoy and remain in the County (starters/singles, families and empty nesters), i.e. more diverse socio-economic living choices.
    - Resilient: Continue the high standard of resilient, sustainable, cultural and recreational opportunities/offerings that make our County prepared, cohesive and desirable. The County could expand sustainable practices (i.e. building, trees, walkability, energy conservation, resources, etc.), whenever best demonstrated economically and/or environmentally.

---

[i] In Hunter Mill, some areas have well-established planning and governance in place (Reston - RCC, Vienna - Town), while others are growing organically with minimal citizen engagement as redevelopment occurs (Tysons - Partnership). These differences are evident at street level (pedestrian and bicycle level investments). Required flow-through could be measured and provide needed emerging economic development centers along transit areas, with mutual fiscal agents, maintenance and services to County residents and business, with the focused intention of increasing jobs and live, work, play development, such as these:

• Fund 10030, Contributory Fund

o Convention and Visitors Corporation $2,728,925 $2,797,148 $2,867,077
Visit Fairfax increases $69,636 or 1.8 percent due to an increase of $69,929 for the Convention and Visitors Corporation based on projected Transient Occupancy Tax revenue in FY 2019.

o Southeast Fairfax Development Corporation $183,320 $183,320 $183,320
private, nonprofit organization

o Greater Reston Incubator $24,225 $24,225 $24,225
Volunteer driven program assists entrepreneurs in developing high-growth businesses in various sectors of the regional economy including technology, government services and supporting industries.

o Inova Translational Medicine Institute $500,000 $500,000 $500,000
Bring personalized medicine to Northern Virginia and the world.

• Fund 40050, Reston Community Center (49 FTE): $7,932,236 $14,590,581 $8,304,386
As part of the FY 2017 Carryover Review, the Board of Supervisors approved encumbered funding of $1,762 and unexpended Capital Project balances of $997,115, as well as an appropriation of $3,353,346 to the capital project to support the Reston Community Center natatorium renovation.

• Fund 40060, McLean Community Center (13.88 FTE): Total Expenditures $6,186,798 $12,088,696 $5,614,079 As part of the FY 2017 Carryover Review, the Board of Supervisors approved an increase of $7,092,537 due to encumbered carryover of $8,170 in Operating Expenses for program operations and the carryover of unexpended project balances of $7,084,367 primarily associated with the renovation of the facility.

• Fund 40070, Burgundy Village Community Center As part of the FY 2017 Carryover Review, the Board of Supervisors approved an increase of $203,519 in Operating Expenses to address maintenance and structural issues that were identified in a facility assessment.

Draft Economic Development Recommendations
Hunter Mill Budget Committee 2018

• Fund 40110, Dulles Rail Phase I Transportation Improvement District: There have been no adjustments to this fund since approval of the FY 2018 Adopted Budget Plan.
• Fund 40120, Dulles Rail Phase II Transportation Improvement District: Ending Balances $82,815,932 $84,196,202 $101,568,264 Carryover Adjustments as part of the FY 2017 Carryover Review, the Board of Supervisors approved funding of $14,470,654 for the balance of the debt service reserve fund requirement for the Phase 2 Tax District's $218.2 million portion of the County's overall $403.3 million Transportation Infrastructure Financing and Innovation Act (TIFIA) loan with the United States Department of Transportation that closed on December 17, 2014.
• Fund 40180, Tysons Service District: Carryover Adjustments $6,450,000, As part of the FY 2017 Carryover Review, the Board of Supervisors approved funding of $6,450,000 for the carryover of unexpended project balances.
• Fund 40190, Reston Service District: There have been no adjustments to this fund since approval of the FY 2018 Adopted Budget Plan.
• Fund 70000, Route 28 Tax District: Total Disbursements $10,996,631 $11,457,617 $11,983,354 An increase of $542,047 or 4.7 percent over the FY 2018 Adopted Budget Plan amount of $11,441,307 for estimated payments to the fiscal agent is primarily due to assessed value adjustments anticipated for FY 2019.
• Fund 70040, Mosaic District Community Development Authority, Total Disbursements $5,531,544 $5,218,739 $5,406,400 Custodial Account: For FY 2019, projected tax increment financing (TIF) revenues are $6,659,223 based on January 1, 2018 assessed values and the current tax rate of $1.155 per $100 of assessed value. Per the bond documents, the County is to transfer to the CDA only those tax increment revenues required for debt service payments, which equates to $5,406,400 in FY 2019. The difference of $1,252,823 will be retained in the General Fund. The CDA while related to the County is a legally separate Authority and is not considered a component unit of the County.